

Message Text

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61/12

ACTION IO-10

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

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FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 4178

INFO AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY MEXICO CITY

AMEMBASSY MONTEVIDEO

USUN NEW YORK 1124

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C O R R E C T E D C O P Y - (THIRD REF ADDED; NEW PARA THREE
ADDED; OLD PARAS THREE THROUGH EIGHT RENNUMBERED FOUR THROUGH
NINE; WORD "NEGLIGENCE" REPLACED BY "NEGLECT" IN SECOND LINE
PARA FOUR; SECOND SETENCE ADDED TO PARA FIVE; ADDITIONAL
SENTENCE ADDED TO END OF PARA EIGHT.)

SO 11652: N/A

TAGS: EFIN, ECLA, ECIN, CI

SUBJECT: ECLA EXECUTIVE SECRETARY'S VIEWS ON LATIN AMERICAN SAFETY
NET, SELA, AND RESTRUCTURING OF ECLA

REF: A. STATE 170958; B. SANTIAGO 5181; C. CARACAS 7073

1. SUMMARY. AMBASSADOR AND EMBOFFS DISCUSSED MEETING OF EXPERTS
ON "LATIN AMERICAN SAFETY NET," LATIN AMERICAN ECONOMIC
SYSTEM (SELA), AND RESTRUCTURING ECLA WITH IGLESIAS AND
GONZALEZ AT LUNCHEON HOSTED BY ECLA EXECUTIVE SECRETARY ON
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JULY 29. LITTLE NEW INFORMATION EMERGED. END SUMMARY.

2. LATIN AMERICAN SAFETY NET. IGLESIAS SAID THAT HE WAS PLEASED WITH PROGRESS MADE AT THE EXPERTS' MEETING IN WORKING OUT THE MECHANICS OF A "SAFETY NET" SYSTEM FOR LATIN AMERICA. WITHIN A FEW DAYS ECLA WILL HAVE AVAILABLE A REPORT ON THE MEETING WHICH WILL BE CONSIDERED BY LATIN AMERICA CENTRAL BANKERS AT LATE AUGUST MEETING IN SAN JOSE. COPY WILL BE POUCHED TO DEPARTMENT AS SOON AS RECEIVED BY EMBASSY.

3. IGLESIAS SEES SAFETY NET AS OPERATED ESSENTIALLY BY CENTRAL BANKS, ONE OF THEM ENJOYING DELEGATED AUTHORITY TO MANAGE ITS FUNDS. WORKING IN ACCORDANCE WITH PREDETERMINED CRITERIA, BANK WOULD MAKE LOANS AT MARKET RATES TO COUNTRIES IN EXTREME BALANCE OF PAYMENTS DIFFICULTIES. EXTRA-REGIONAL, DEVELOPED COUNTRIES SHOULD PARTICIPATE IN THEIR OWN INTEREST, IGLESIAS MAINTAINS, TO SUSTAIN THEIR GROWING EXPORTS TO LATIN AMERICA.

4. IGLESIAS INDICATED HIS SATISFACTION AT POSITIVE RESPONSE OF EEC TO HIS SAFETY NET PROPOSAL DURING RECENT VISIT TO BRUSSELS. HE ATTRIBUTED EEC SYMPATHETIC ATTITUDE IN PART TO PAST WEST EUROPEAN NEGLECT OF LATIN AMERICA DESPITE ITS RELATIVELY STRONG TRADE TIES WITH THE REGION. IGLESIAS SAW IN EEC ATTITUDE DESIRE TO RECTIFY IMBALANCE BETWEEN EEC RELATIONS WITH AFRICAN COUNTRIES AND THOSE WITH LA.

5. SELA. IGLESIAS TOLD US THAT REGIONAL INSTITUTIONS INCLUDING ECLA AND IDB HAD BEEN INVITED TO PANAMA MEETING AND THAT ECLA WAS BEING REPRESENTED BY HIS CHEF DE CABINET, JORGE VITERI. IGLESIAS QUESTIONS DESIRABILITY OF ASSOCIATING SUCH INSTITUTIONS WITH SELA; HE IS OBVIOUSLY CONCERNED ABOUT EFFECT SELA MAY HAVE ON ECLA OPERATIONS.

6. IGLESIAS THOUGHT THAT SELA WOULD EVENTUALLY DEVELOP SMALL SECRETARIAT OF ABOUT 20 PROFESSIONALS WHICH WOULD BASICALLY HAVE CATALYTIC ROLE OF PROMOTING MULTINATIONAL DEVELOPMENT PROJECTS AND FORMULATING LA POSITIONS ON ISSUES SUCH AS MTN, COMMODITY TRADE AND OTHER SUBJECTS INVOLVING REGIONAL INTERESTS. SUBSTANTIVE WORK WOULD BE UNDERTAKEN BY REGIONAL INSTITUTIONS HAVING EXPERTISE AND STAFFING.
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7. IGLESIAS ATTRIBUTED PROBLEMS OF GETTING SELA STARTED TO SOUTHERN CONE COUNTRIES' (INCLUDING BRAZIL) JEALOUSY OF THEIR TRADITIONAL ROLE FOR ORIGINATING IDEAS FOR LA REGION. HE CLAIMED THAT ARGENTINA HAD BEEN HOSTILE TO SELA AND THAT URUGUAY HAD CIRCULATED 20-PAGE PAPER TO OTHER LA COUNTRIES TAKING ISSUE WITH MEXICAN/VENEZUELAN CONCEPT OF SELA. BASED ON HIS TALKS WITH VENEZUELAN, IGLESIAS THOUGHT VENEZUELAN HAD LOST

MUCH OF THEIR ORIGINAL ENTHUSIASM FOR ORGANIZATION WHICH WOULD BE ELABORATING IDEAS COSTLY TO THE VENEZUELAN TREASURY.

8. ECLA ORGANIZATION. IGLESIAS EXPRESSED DISAPPOINTMENT THAT HE HAD BEEN UNABLE DURING HIS RECENT VISIT TO THE DEPARTMENT TO FIND A MODUS VIVENDI ON ISSUE OF EXCLUDING DEVELOPED COUNTRIES FROM CERTAIN ECLA COMMITTEES. IT IS IGLESIAS' VIEW THAT SOME WAY HAS TO BE FOUND WHEREBY THE LATINS CAN MEET TO DEFINE LATIN AMERICAN POSITIONS. HE SAID HE REALIZED EXISTENCE OF LEGAL OBSTACLES BUT POLITICAL NECESSITIES FOR SATISFYING LATINS ON THIS SCORE HAD TO BE RECOGNIZED. AMBASSADOR STATED HIS SYMPATHY FOR THIS POINT OF VIEW BUT POINTED OUT PROBLEMS FOR USG IN ACCEPTING EXCLUSION FROM MEETINGS OF ORGANIZATION IN WHICH IT HAS MEMBERSHIP. IT WAS ONE THING FOR LATIN AMERICANS INFORMALLY TO CONCERT THEIR POSITIONS IN THEIR OWN CAUCUS, BUT QUITE ANOTHER TO USE A SUBORDINATE OFFICIAL ECLA BODY TO PITCH UP FORMAL RESOLUTIONS TO ECLA PLENARY.

9. COMMENT: IGLESIAS WAS IN USUAL GENIAL MOOD -- PHILOSOPHICAL ON THE ISSUES FACING THE REGION AND RATHER VAGUE ON CONCEPTUAL FRAMEWORK WITHIN WHICH THESE ISSUES ARE TO BE RESOLVED AS WELL AS RATIONALE FOR INITIATIVES.
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